

Cruising for New Markets in the Mediterranean?

By Joanna Apergis

Think of a cruise and you may envision travel to beautiful ports of call in the Caribbean and Mediterranean. To U.S. high-value food suppliers, these cruises represent a food service destination that requires millions of dollars of quality products each year.

Second only to the Caribbean in its number of cruises, the Mediterranean cruise ship industry, which centers on Greece, averages 2.3 million passengers a year. Other popular Mediterranean ports of call can be found in Italy, France and Spain.

Greece boasts the highest embarking rate of all countries in the EU (European Union), followed by Italy, Denmark, the United Kingdom and Germany. In 2002, nearly 800,000 ship passengers arriving in Greek ports were foreign tourists.

Greek-Owned Ships Ply Shorter Routes

Greek-owned cruise ships, ferryboats and smaller sea vessels have itineraries that include the Greek Islands and nearby Cyprus, Italy, Egypt and Turkey. Ninety-five percent of their annual 80,000 passengers are Greek citizens.

Ferryboats and short sea vessels provide minimal food and beverage service with no overnights. Small cruise ship stays range from one to four nights and usually have buffet food service with some à la carte items. On the other hand, large cruise liners spend 3 to 14 nights at sea and provide passengers with multiple food service choices.



U.S. Companies Buy Mostly at Home

Most large cruise liners that sail the Mediterranean are U.S.-owned. These companies have three options for supplying food for their ships: loading U.S. products on the ship at a U.S. port of origin; shipping U.S. products via a broker to a port of call; or purchasing from local dis-

tributors and ship suppliers, or chandlers, at the port of call.

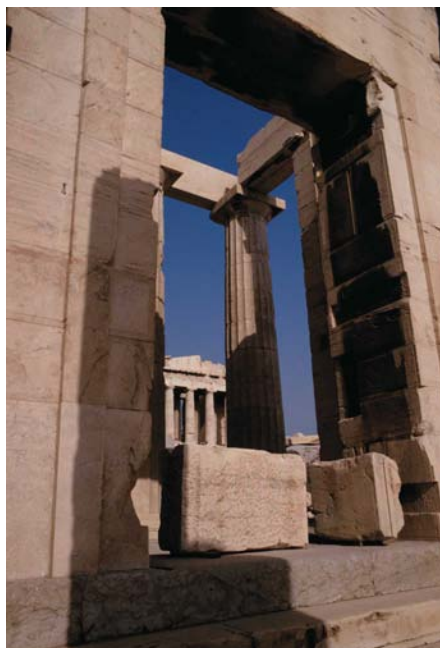
Planning and ordering food and beverage supplies for these large ships occur well in advance of each trip. Purchasing agents, usually in U.S. headquarters offices, balance logistics, chef preferences and food trends.

These agents prefer U.S.-sourced products because they are considerably cheaper than buying local and U.S. products from vendors at ports of call. Cruise lines will purchase directly from large food companies if they offer a wide range of products; otherwise, they depend on food brokers and distributors for provisioning.

The largest possible quantities of goods are stored onboard the ship at port of origin. Most U.S. products are shipped via a U.S. consolidator to a Greek free trade zone port (such as Piraeus or Thessaloniki), where they are considered ship stores in transit, and therefore face no added duties and few additional EU regulations. Alternatively, they are loaded directly onto the liner from the shipping vessel. These goods mostly consist of dry, canned, frozen and some refrigerated items.

EU Bars U.S. Beef, Poultry

U.S. beef and poultry exports to Greece (and all EU countries) face strict



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regulations, regardless of ship stores' in-transit status. Only beef from non-hormone-treated cattle from EU-approved plants can be imported. U.S. poultry is banned due to EU restrictions on U.S. poultry processing practices.

Local Suppliers on Tap

With passengers consuming as much as \$20,000 a day worth of provisions for extended periods, cruise liner companies also depend on local chandlers and other European distributors at ports of call to supply perishables and make up for shortages. These items usually include chilled meats, poultry and dairy products and fresh fruits and vegetables. Considered ship stores in transit, they are not bound by duties, but must meet EU regulations.

Ordered remotely by purchasing agents, the goods procured from local suppliers are inspected by the ship's chef or provision master to assure that quality and safety conditions are met.

Variety the Watchword

With millions of meals served each year, cruise ships are a major component of the food service industry. Cuisine aboard cruise ships ranges from traditional meals prepared by renowned chefs, to breakfast and lunch buffets, to theme restaurants. On large liners, room service



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meals, formal dining and buffets are available 24 hours a day.

Besides large quantities, the cruise ship trade also demands quality products. Due to their sizable orders, cruise lines can command the best prices for food and beverages.

Trade Shows Can Provide Entry

The easiest way to introduce a new product to a U.S. cruise line company is to exhibit at cruise line and food and beverage trade shows. U.S. suppliers can pique the interest of chefs, purchasing agents and brokers by providing samples and promotional material.

Cruise line purchasing agents rely mostly on food service distributors in the United States to source their products when loading at the port of origin. These distributors often host events where approved suppliers can promote their products. Prospective vendors can contact this intermediary and submit bids to be considered as suppliers.

Food brokers put together and deliver shipments to the cruise line's own ship chandler at the port of call. The best way for suppliers to contact brokers is by calling directly or visiting Web sites. Brokers will usually request proprietary information from the supplier after contact.

The large shipping industry in Greece supports many local companies that supply foods and beverages to cruise ships from all over the world. Most chandlers are located at Piraeus, a major port for the shipping and tourism industries. The largest chandlers contract with major cruise lines to supply food and beverage products.

Local chandlers can source many U.S. name brands and dry goods from local distributors as well as from other EU sup-



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pliers. Usually less than half of port-of-call orders are made up of U.S. foods. Greek companies also offer local specialties such as olives or feta cheeses.

Although not in the forefront of supplying cruise ships, local Greek distributors play an important role in the placement of U.S. food and beverage imports on cruise ships. Chandlers depend on them for much of their stock and also for less frequently ordered items.

In contrast, Greek cruise lines and ferries depend more on distributors than any other source. Most of their products are of EU origin.

U.S. fresh fruits, vegetables and dairy products are not in demand at ports of call due to competitive, easy-to-procure local supplies.

U.S. eating habits follow passengers aboard these ships. The latest trends include reduced-carbohydrate, reduced-sodium and sugar-free products. U.S. seafood, especially lobster and shrimp, is always in demand, though in small quantities. ■

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For details, see FAS Report GR4020. To find it on the Web, start at www.fas.usda.gov, select **Attaché Reports** and follow the prompts.

As a member of the EU, Greece operates under all EU tariff and health certification requirements. EU import certification requirements may be found on the EU Commission Web site: <http://europa.eu.int>